



# The Real Estate TRENDS

MAY 29  
1947

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

Number 22

## REAL ESTATE ACTIVITY

During the month of April, the last complete month for which figures are available, real estate activity continued to decline, reaching a point on our chart 46 per cent above the long-term computed normal. The table below shows the real estate activity figures as a percentage above or below this long-term normal from 1936 through the first four months of 1947:

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1936	-31.7	-32.9	-32.3	-31.7	-27.4	-23.6	-21.3	-20.7	-19.3	-19.3	-18.1	-14.4
1937	-18.7	-18.7	-18.0	-10.9	- 8.2	- 7.4	-10.9	- 9.3	-15.4	-18.2	-19.0	-19.9
1938	-24.2	-27.0	-28.2	-26.4	-27.9	-30.0	-29.4	-26.7	-25.0	-24.4	-23.5	-23.4
1939	-22.5	-22.4	-21.2	-22.1	-20.4	-20.4	-17.5	-16.9	-16.3	-16.4	-14.5	-14.1
1940	-14.7	-15.0	-16.1	-13.7	-11.5	-11.2	-10.1	- 9.7	- 8.0	- 7.5	- 9.8	-10.7
1941	- 8.3	- 4.2	- 1.2	- 1.2	- 1.1	- 0.7	+ 0.3	+ 1.2	+ 3.5	+ 5.3	+ 1.6	+ 0.8
1942	- 3.3	- 2.9	- 7.2	- 9.5	-12.5	-14.5	-15.0	-15.3	-12.3	-10.3	-11.6	-16.4
1943	-21.8	-22.4	-21.2	-16.1	-14.0	-11.4	- 9.4	- 3.5	+ 1.3	+ 2.8	+ 4.6	+ 3.6
1944	+ 4.4	+ 6.1	+ 7.7	+ 9.2	+ 7.8	+10.5	+12.5	+15.5	+16.8	+20.0	+19.7	+17.0
1945	+17.9	+19.0	+23.8	+24.4	+24.5	+24.9	+24.8	+24.6	+20.6	+25.1	+36.0	+43.6
1946	+59.7	+70.1	+84.2	+85.6	+86.1	+83.3	+78.9	+75.0	+70.0	+64.4	+58.9	+53.6
1947	+53.4	+51.0	+50.8	+46.0								

Although real estate activity has dropped regularly for the past year, it is still relatively high in comparison with the boom of the twenties, when the highest point reached was 41.0 per cent above normal.

We will be quite surprised if real estate activity does not continue to slide off, at least during the balance of the summer.

## REAL ESTATE MORTGAGES

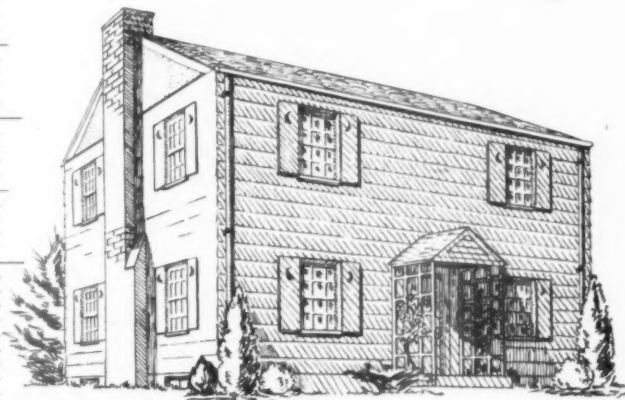
The slowing down in new construction is having a dampening effect on real estate mortgage activity. The preliminary index for April shows real estate mortgage financing to be 10.8 per cent above the long-term normal. This compares with 20.4 last April and with 26.8 last July. As construction slides off still further accompanied by a slowing down in the turnover of existing units, mortgage activity will probably decrease slightly further. The table on page 184 shows real estate mortgage activity as a percentage above or below the long-term computed normal for the years 1936 through 1946, and the first four months of 1947.

ROY WENZLICK & CO.  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS  
SAINT LOUIS



# BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS

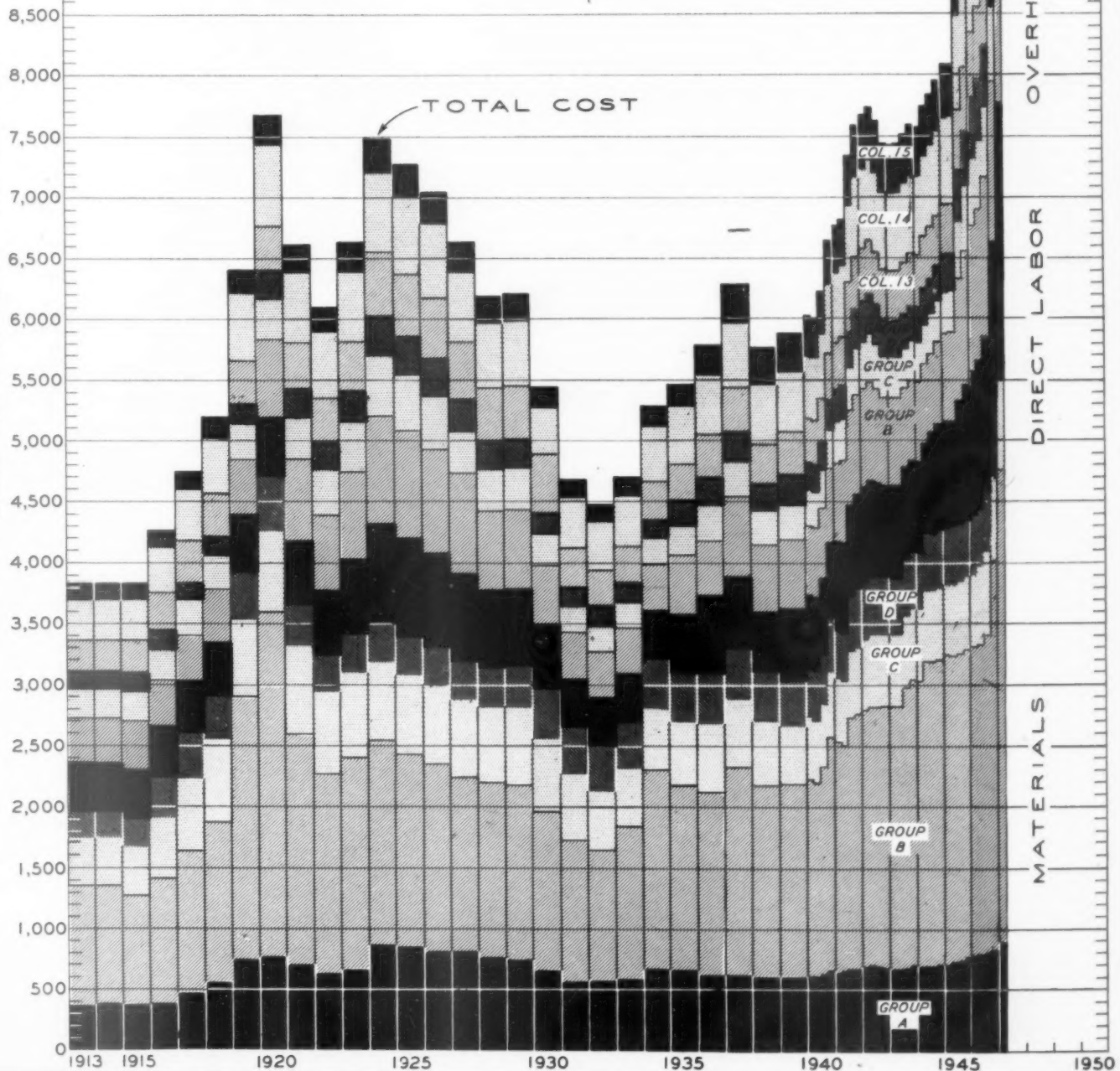
BUILDING COSTS IN DOLLARS



25,376 CUBIC FEET



TOTAL COST





# BUILDING COSTS OF A STANDARD SIX ROOM FRAME HOUSE BUILT IN ST. LOUIS

Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter M; corresponding labor items, in red by the letter L.

No labor items are shown in Column 10, Building Hardware, as they have already been included in Column 5, Millwork.

## Group A

(1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.

(2) Tile Work: 4-1/4 x 4-1/4 wall tile, ceramic floor tile, cap and base.

## Group B

(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.

(4) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc.

(5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

## Group C

(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and

radiation.

(7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures; hot water heater and tank to be furnished by others.

## Group D

(8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.

(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.

(10) Nails and Hardware: Common and wire nails, bolts, damper, ash doors, finish hardware.

(11) Painting: White lead, linseed oil, turpentine.

(12) Miscellaneous: Metal and wood laths, corner bead, insulation.

## Total Material and Labor Costs

## Group E

(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.

(14) General contractor's profit.

(15) Missouri sales tax (now 2% on materials), old age and unemployment tax (Federal and State), liability and employees' compensation insurance, fire and tornado insurance, completion bond.

(16) Total overhead, profit and other costs.

## TOTAL CONSTRUCTION COST

Year	GROUP A						GROUP B						GROUP C						GROUP D						GROUP E						TOTAL
	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)		(11)		(12)		Total		(13)	(14)	(15)	(16)	
	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L	M	L			
1913	343	388	24	13	218	101	428	134	350	121	152	136	231	110	65	12	36	49	59	16	64	51	18	1973	1146	248	337	132	717	3836	
1914	362	388	24	13	212	101	415	134	349	121	147	136	248	110	59	12	32	49	59	16	64	50	18	1973	1146	248	337	132	717	3836	
1915	360	388	24	13	189	108	373	145	329	131	152	144	249	116	68	12	38	52	64	17	69	48	19	1911	1197	257	337	135	729	3837	
1916	366	396	24	13	224	108	438	145	363	131	203	144	309	116	101	12	55	52	86	22	69	59	19	2250	1205	295	375	142	812	4267	
1917	456	413	25	14	258	109	500	146	396	132	244	152	359	122	108	12	59	54	110	26	69	69	19	2610	1242	325	418	152	895	4747	
1918	539	421	25	15	292	118	570	158	449	143	322	152	359	124	95	14	52	54	118	30	75	73	21	2924	1295	346	457	163	966	5185	
1919	624	453	25	15	519	128	1008	170	729	154	290	160	349	130	83	15	45	57	113	31	81	112	23	3928	1386	342	566	187	1095	6409	
1920	742	463	28	17	607	183	1189	243	1030	220	305	184	372	150	83	21	46	66	143	36	116	132	32	4713	1695	366	677	227	1270	7678	
1921	674	501	25	18	479	188	920	250	506	225	273	192	460	156	64	22	35	69	94	30	119	104	33	3664	1773	372	581	215	1168	6605	
1922	609	506	25	18	362	174	703	232	571	209	258	204	433	166	64	20	35	73	79	28	111	81	31	3248	1744	370	536	205	1111	6103	
1923	633	576	25	21	410	200	793	268	551	242	267	227	430	184	70	23	38	81	94	28	128	90	36	3429	1986	407	582	228	1217	6632	
1924	618	703	251	108	401	246	779	328	492	296	274	277	388	224	64	28	35	100	97	35	156	87	44	3521	2510	527	656	274	1457	7488	
1925	606	684	251	108	375	251	732	335	472	302	273	255	381	207	68	29	37	92	89	37	159	83	45	3404	2467	508	638	267	1413	7284	
1926	566	653	251	108	379	240	732	320	432	288	264	244	381	197	69	27	37	87	86	36	152	83	43	3316	2359	499	617	254	1370	7045	
1927	565	621	251	108	354	228	715	304	358	275	251	184	395	159	67	26	37	66	84	33	145	80	41	3190	2157	469	582	237	1288	6635	
1928	563	541	208	97	406	184	644	244	377	220	261	184	382	151	71	21	39	66	85	31	116	74	32	3141	1856	438	544	213	1195	6192	
1929	565	541	185	97	360	184	687	244	384	220	270	184	385	151	82	21	45	66	89	33	116	71	32	3156	1856	438	545	213	1196	6208	
1930	474	422	185	97	340	135	655	181	312	164	251	140	341	114	71	15	39	50	72	33	87	211	24	2984	1429	380	479	175	1034	5447	
1931	411	342	155	57	313	108	594	145	254	131	226	112	322	91	58	12	32	40	61	31	70	198	39	2655	1147	317	412	146	875	4677	
1932	438	342	139	51	268	108	532	145	269	131	210	112	286	91	50	12	28	40	60	28	70	199	39	2507	1141	295	395	142	832	4480	
1933	457	342	130	51	355	108	562	145	344	131	208	112	270	91	52	12	28	40	54	26	70	214	39	2700	1141	291	413	146	850	4691	
1934	540	342	122	51	439	108	713	145	494	131	234	112	279	91	55	12	30	40	63	26	70	222	39	3217	1141	299	466	154	919	5277	
1935	508	422	111	67	399	135	638	181	523	164	236	140	292	114	43	15	24	50	62	26	87	229	47	3091	1422	300	481	174	955	5468	
1936	506	490	111	67	364	159	655	209	494	188	255	160	301	131	50	19	28	57	59	27	98	221	53	3071	1631	344	505	239	1088	5790	
1937	503	512	111	67	395	186	742	245	578	221	247	160	326	141	54	22	29	57	64	31	104	226	53	3306	1768	363	544	310	1217	6291	
1938	508	425	103	67	350	157	647	204	571	179	241	160	297	134	47	16	28	57	66	28	88	222	42	3106	1532	333	494	306	1133	5771	
1939	513	525	103	77	360	159	680	211	513	190	239	160	277	133	49	19	27	57	64	29	109	192	56	3026	1696	344	505	323	1172	5894	
Ja 1940	510	538	103	77	374	158	679	215	567	195	236	160	282	131	58	17	32	57	65	30	93	193	61	3129	1702	352	516	327	1195	6026	
Ap 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005	
Ja 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005	
O 1940	510	542	145	86	494	162	763	218	628	197	254	160	294	161	63	17	31	57	66	32	93	203	75	3482	1768	385	564	351	1300	6551	
Ja 1941	515	640	145	86	493	182	808	243	645	219	242	160	266	161	62	19	28	58	67	33	104	203	78	3507	1950	380	585	375	1340	6797	
Ap 1941	487	639	159	86	463	182	771	243	633	219	251	160	274	149	62	19	28	63	69	33	131	202	79	3432	1990	396	581	376	1353	6775	
Ja 1941	510	650	159	86	553	220	802	279	635	252	250	160	274	149	90	19	27	63	72	34	131	220	79	3626	2108	396	613	397	1406	7140	
O 1941	514	678	159	86	544	226	861	303	689	274	262	200	289	187	106	29	34	72	80	35	145	227	79	3800	2279	433	650	424	1507	7586	
Ja 1942	514	696	175	86	536	231	854	305	689	275	262	200	314	187	64	29	48	72	79	35	145	229	81	3799	2307	431	653	427	1511	7617	
Ap 1942	520	696	175	86	547	231	876	305	715	275	273	200	317	187	64	29	50	72	79	38	145	229	81	3883	2307	433	663	429	1525	7717	
Ja 1942	520	696	175	86	540	233	874	307	715	276	273	200	317	198	72	29	50	86	79	38	145	229	75	3882	2331	435	668	427	1530	7743	
O 1942	520	668	162	86	558	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3881	2111	419	639	403	1461	7453	
Ja 1943	520	668	151	86	561	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3873	2111	419	639	402	1460	7444	
Ap 1943	520	668	151	86	561	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3873	2111	419	639	402	1460	7444	
Ja 1943	520	648	151	98	561	189	884	247	715	222	273	180	317	149	56	20	50	63	79	38	130	223	75	3867	2022	422	631	393	1446	7335	
O 1943	528	648	151	98	662	189	1005	247	715	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4112	2022	422	656	398	1476	7610	
Ja 1944	528	648	175	99	662	189	1003	247	663	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4082	2022	422	653	398	1473	7577	
Ap 1944	528	648	175	99	700	189	1109	247	663	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4226	2022	422	667	400	1489	7737	
Ja 1944	528	648	175	99	700	189	1109	247	679	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4242	2022	422	669	401	1492	7756	
O 1944	532																														



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1936	-56.6	-57.4	-58.2	-57.7	-56.0	-53.9	-51.6	-51.1	-49.4	-49.4	-49.3	-49.3
1937	-51.5	-52.0	-52.4	-47.6	-45.6	-44.7	-44.6	-44.2	-43.7	-44.8	-45.4	-49.5
1938	-49.5	-52.0	-52.4	-50.9	-49.5	-48.5	-47.9	-46.3	-45.7	-45.9	-47.7	-48.5
1939	-49.4	-49.4	-48.3	-47.0	-45.6	-44.8	-44.8	-43.1	-46.3	-45.1	-46.0	-45.6
1940	-45.4	-44.0	-42.8	-39.7	-37.2	-35.8	-33.7	-32.8	-28.9	-23.7	-27.4	-33.0
1941	-40.0	-37.8	-35.6	-31.5	-29.5	-27.0	-25.3	-24.0	-22.2	-23.4	-26.8	-28.7
1942	-35.0	-36.4	-38.9	-39.4	-40.4	-39.8	-40.3	-40.3	-38.3	-39.3	-41.3	-45.8
1943	-51.3	-53.1	-53.0	-50.1	-48.8	-46.7	-44.7	-41.0	-39.2	-39.5	-39.6	-41.6
1944	-43.5	-43.4	-41.2	-39.0	-37.3	-34.1	-30.0	-26.1	-25.8	-26.4	-29.5	-33.2
1945	-35.4	-35.4	-32.9	-28.9	-26.8	-24.4	-23.4	-21.8	-22.4	-20.0	-15.7	-10.6
1946	- 2.6	+ 4.2	+14.1	+20.4	+24.9	+26.1	+26.8	+26.5	+24.5	+21.2	+15.3	+11.9
1947	+ 9.4	+10.2	+11.1	+10.8								

### CONSTRUCTION COSTS

The six-room frame residence used as a guinea pig by our organization would cost \$13,029 to build during the month of May. This is exclusive of the ground. During April our cost was \$13,170, and the drop of \$141 is significant in that it is the first drop in the cost of building this house since 1943. The regular pattern during the last part of the war and the postwar period has been for construction costs to rise each month. The drop this month is largely due to a drop in lumber prices, with a minor saving due to drops in paint materials and other miscellaneous items. In our opinion this drop is just the beginning. We believe that further sizable drops are in store during the next year and a half and that this building can be built by the end of 1948 at a cost much below the present figure. Our detailed costs on the six-room frame house are shown and charted on the center spread of this report.

On page 9 of the January 1947 Real Estate Analyst we said, "The best guess we can make at the present time on new dwelling units started in 1947 would be 600,000. The number of completions, however, we believe will exceed 750,000. The number of starts we expect to be below 1946, the number of completions above."

This estimate was made about the same time government agencies and statistical organizations in the East were confidently gazing into their rose-colored crystal ball and seeing amounts of 1,000,000 to 1,500,000 nonfarm permanent residential units started this year.

The fact that the residential construction industry had slightly over 500,000 workers at the time, and that construction costs were continuing to rocket apparently seemed insignificant. Since about the first of February someone has published a scaled-down estimate of the starts for 1947 every few days, and the latest report to reach us put the figure at 750,000 starts. We don't believe it. We stick to our original guess of 600,000.

Preliminary figures show that permanent nonfarm dwelling unit starts for the first quarter of 1947 are running about 15 per cent below the first quarter of 1946. On the other hand, completions for the first two months of 1947 are 42 per cent above completions for the same period of 1946.



## FORECLOSURES

The foreclosure rate is still dragging along the bottom of our chart, with a figure for April slightly lower than the other three months of the year. Until this line starts to rise, no rapid collapse in values will occur. It is quite interesting to note that during the real estate boom of the twenties which hit the peak in the middle of 1925, the foreclosure rate started rising in the fall of 1925 and rose at a uniform rate during the next seven years, carrying it to a high surpassed only by the high point reached in the big depression of the seventies. When it starts to rise again and continues its rise month after month it will be an indication to look out for trouble.

The table below shows the urban foreclosure rate for selected periods in the past in comparison with the present. It will be noticed how favorable the present low rate compares with past lows and highs. The lowest foreclosure rate during the boom of the twenties was 6.3 foreclosures per hundred thousand families. The highest rate during the depression of the thirties was 84.6. The preliminary figure for April is 3.3.

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1920	10.6	8.9	8.8	8.7	9.1	8.9	8.2	7.6	6.8	6.3	6.6	6.3
1921	6.6	6.4	7.5	6.6	6.7	7.2	6.8	6.9	7.2	8.0	7.8	7.4
1922	7.3	8.0	7.9	8.0	7.9	8.5	8.0	7.9	8.0	8.1	8.2	7.5
1932	61.8	64.4	65.0	66.1	68.8	72.1	74.6	75.5	78.8	78.5	80.0	79.0
1933	82.0	84.6	82.0	76.0	73.6	76.9	81.0	79.8	74.8	72.5	71.4	73.2
1934	73.2	71.9	70.0	69.5	69.2	68.5	69.5	69.2	71.4	72.7	76.0	75.5
1943	9.0	8.7	7.8	7.3	7.6	7.0	6.6	6.1	6.4	5.7	5.9	5.6
1944	4.8	5.7	5.2	4.1	4.5	4.7	4.2	4.0	4.6	4.2	4.7	4.5
1945	3.8	4.7	4.5	3.8	3.8	4.1	3.4	3.7	3.5	3.4	3.7	3.3
1946	3.6	3.2	3.4	3.1	2.9	2.8	2.6	2.8	2.9	3.1	4.0	3.5
1947	3.5	3.6	3.5	3.3								

## RESIDENTIAL RENTS

It will be noticed that our index of residential rents is rising by infinitesimal amounts. During the past year it has risen from 75.5 to 75.9. This is an increase of 53/100 of one per cent. On this index, the average of 1923 equals 100 and it will be noticed that in spite of the tremendous inflation of practically all prices, residential rents are still 24.1 per cent below the 1923 level.

The rent control situation is so involved politically that it is very difficult to guess at the present time what may happen to rent control legislation during the next year. It seems fairly evident, however, that some type of control will be continued but that is about as far as guesses can be made at the present time with safety.

## STOCK MARKET

speculative for investment.

The recent sizable drop in the market has justified our constant advice during all of this year to stay out of the market. The market still seems